

Teens confront economic reality

From college to fun, a generation adjusts

By Marco R. Della Cava

SAN ANSELMO, Calif. — The late-afternoon sun flicks finger-like shadows into the steel-and-glass study hall at Drake High School. A dozen students fiddle with pencils and hair clips. One teen breaks the silence.

"I had no idea until I walked into this room today that everyone felt this was such a big issue for them," says Lindsay Rogers, 15.

A few seats away, Dani Curtin, 16, nods. "On the surface, your friends make you feel they're doing well. But I guess you see very quickly it's affecting everyone."

The elephant in this room is another big E, the economy, which for today's teens threatens to upend everything from social habits to college plans.

Perhaps never before has a generation that has wanted for so little — these offspring of acquisitive Baby Boomer parents have amassed cellphones, iPods, laptops and a perceived sense of entitlement — been forced to give up so much.

But far from paralyzing teens, the new fiscal order finds them embracing these leaner times. Instead of tuning out, teens are eager for parents to share the sober details of family finances. Instead of whining, they're clamoring to help by cutting back on outings and getting odd jobs. And instead of moping, they're shifting expectations for the present and banking lessons for the future.

"The only time there are arguments in the house is when it's about money," says Caitlin Morgan, 17. "So at least now we're all talking about what we spend on which expenses, and what needs to be done to make it through this year."

That the economic meltdown is having such a vivid effect on teens in Marin County, among the nation's wealthiest, shows

the breadth of the financial crisis. In previous downturns, upper-income families seldom felt the need to cut back. But today a record 51% of consumers making more than \$75,000 a year say they'll spend less on discretionary entertainment, according to a recent Discover U.S. Spending Monitor survey.

For the kids from Drake High, 2009 already is filled with dashed expectations.

Morgan had planned to travel to Scotland with her family to visit a sister. They're assembling a care package instead. And although the senior has just been accepted to Stanford University, the hit her college fund took last fall may jeopardize that dream.

Similarly, senior Jenny Marshall, 17, also has to change her college expectations from private to public, while a sister in a private university may be forced to reconsider.

College may bring bigger changes for others: "I know a lot of parents who are saying, 'The minute you go off to college, we're moving' in order to downsize", says Marika Lee, 17.

For seniors, pricey prom season looms larger than ever. "I've gone since freshman year, but tickets are expensive, and then there's the limo, the shoes, the dress," says Maddi Wachs, 17. "I can see things being much lower-key this year."

With snow falling in the Sierra Nevada, Laura Hunerberg, 15, had visions of hitting the slopes with her family of six during February's winter break. But that Lake Tahoe trip is nixed. "We'll just stay home," she says. "It could be nice."

Staying home is the issue for Stephanie Blazek, whose relatives live in the Czech Republic. "We used to visit them every year, but now we don't know when we can go," says Blazek, 17.

"It kind of stinks, because my grandparents are old."

But finding a rainbow in this fiscal storm is proving a teen strong suit, says Madeline Levine, author of *The Price of Privilege: How Parental Pressure and Material Advantage Are Creating a Generation of Disconnected and Unhappy Kids*. She says parents may be surprised by the therapeutic effects of tough times.

"Kids will rise to the occasion," she says. "Teens not only want to pitch in, but also prove they can take care of themselves."

Teens can't revive a dying investment account, but they can help take the sting out of day-to-day living. That's what drives Morgan Shahan, 17, to eschew malls in favor of thrift shops. Or Blazek to pass on movies with her friends and invite them over to play board games instead.

Packed lunches, part-time jobs and walking are in. Restaurants, allowances and driving are out.

"Things are a lot cozier now," Ben Green, 17, says with a laugh. "The standard for what makes a great weekend is a lot lower. Video games with a friend are it for me. But it's OK."

Scaling back has its psychic rewards. "This is a wake-up call to how much we had," Marshall says. "I've stopped shopping, and it feels good."

So does talking about their shared predicament. "Except for boy-girl relationships, the economy is the No. 1 topic with kids right now," says Jim Taylor, vice chairman of The Harrison Group, which canvasses young gamers for its market research surveys on behalf of interactive entertainment companies. "What we're seeing most is the rise of Mom. She's drawing the line on the frivolous spending. But many kids seem to welcome that."

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Frugal is cool, says Mary Ann Romans, a Pennsylvania mother who writes the Frugal Living blog for Families.com.

"Some kids actually compete to see how cheap they got their jeans, or who managed to find an iPod on eBay," she says. "I realize that some parents would prefer to shield their kids from what's happening and not worry them. But teens can tell how it's affecting their parents, and they feel uncomfortable not helping in some way."

After sex, "money is the least favorite topic among families," says Judith Sachs of website Parenting Teens Online. "But it's important to realize this is not likely to be a momentary crisis. It's an everyday sense of doom and instability, and it's best to deal with it head-on."

Sachs suggests empowering teens by including them in belt-tightening plans, whether that's arranging carpools or walking neighborhood dogs for money. "America is rooted in the notion of sacrifice. People will get through this, and it's important to involve the kids."

Donna Richards pays her five sons a quarter whenever they find a light on in their Gaylesville, Ala., farmhouse. "And there's no more Coke, it's Kool-Aid now," says her son Michael, 13.

The Richards home has a few other new rules. Instead of buying books at the big-box stores, Mom hops in the family Prius for a trip to the library. Those frequent treks to McDonald's have been eliminated. School snacks take a smaller bite out of the family budget now that the Richards kids bring food from home.

"You hear 'recession' and 'depression' so much now, so I guess it wasn't a surprise when my 9-year-old asked me, 'Are we going to be OK?'" says Richards, who along

with her husband runs a mobile home dealership and transportation company. "You want young kids to stay young. But this is being forced upon them. So the best you can do is be open and honest."

Heidi Kahme says her family is "comfortable," and her husband's job as a bankruptcy attorney is, fittingly, thriving. But nevertheless, the Kahmes' new habits — checking food prices, cutting back on trips to the nail salon — have become a part of their daughters' lives. One, at least.

"My youngest, Samantha (14), is a total saver, and we joke she'll need to hide her money because we'll have to dip into it," says Kahme of Hopewell, N.J., who works for a community non-profit focusing on drug and alcohol prevention. "My eldest? She's a typical girl. She loves to shop."

Becca Kahme, 17, admits as much. "I wish I could spend on stupid things," she says. But she's doing her share, forgoing trips to trendy Abercrombie & Fitch and hitting Forever 21 instead. "I rent DVDs now, and come home from school for lunch when I can. I guess we're growing up early."

The students at Drake High School would agree. That can't-always-get-what-you-want slap in the face can sting, as it recently did for Morgan, who sees Stanford slipping away.

"I guess you could say I was naive; I thought that between my parents' savings and loans, things would work out," Morgan says. Her college cash shriveled by 40% in the market crash.

Classmate Cassidy Kakin, 17, had hopes of attending the University of California-Berkeley. "Now a community college is more like it," he says, shrugging. "I have a job at a restaurant, so I hope to save some money for college. But the other weekend there wasn't anyone in the restaurant eating."

For students such as Curtin, who shuttles between her divorced mother and father, family dinners have a new, distant feel.

"My mom sells jewelry at Macy's on commission, but no one's buying, so she had to take a second job," says Curtin. "My dad runs a trucking company, but he's had to lay people off and now works late. We don't talk as much. It's like we're all separate from each other."

Hunerberg shares a similar saga. Her father designs packaging and has had to put in more hours of late. "There aren't as many family dinners," she says softly. "I feel I should do more to help."

Rogers says her parents are "closed off" when it comes to discussing financial matters. "They want to protect me, and I appreciate that," she says. "But if it affects my life, and this financial crisis does, then I want to know."

It's getting late now. Classes are over. Some kids head off to sports practices. The sun continues its westward journey toward the Pacific. As she packs her backpack, Hunerberg offers a thought that belies her 15 years.

"We as a generation will come out of this wiser and smarter about our own financial strategies," she says. "I'm sure of it."

Green smiles, adding, "It's always darkest before the dawn."

Descartes? Jefferson?

"Um, no," he says. "I think it's Batman."

Objectives

- ▶ Read the article “Teens confront economic reality”
- ▶ Discuss the impact of the recession on their community in a general way
- ▶ Recognize and estimate family and personal spending
- ▶ Analyze expenses and designate as necessary or discretionary
- ▶ Identify ways to decrease spending

Preparation

Each student will need:

- ▶ A copy of the article “Teens confront economic reality”
- ▶ A copy of the lesson
- ▶ A calculator or extra paper/writing utensil for a few percentage calculations

Read the article and answer discussion questions (30 minutes)

1. How has the economic recession impacted these students’ personal spending?

2. How has it affected their families’ lives?

3. If the economy was negatively impacting your family, would you want your parents to talk openly with you about it? Why or why not?

4. In what ways have you seen your family or those around you impacted by the recession?

5. In what ways have you seen people change their spending habits to adapt to the recession?

Weathering the economic storm (15 minutes)

Directions:

The article says more than half of American consumers will spend less on “discretionary spending” or spending for items they don’t really need like dining out.

Think through an average month of spending for your family. Some items like rent or a mortgage usually are static, or stay the same. But what about expenses that fluctuate like bills for electricity or cell phones? Groceries? Charges to the credit card?

Take a few minutes and, working individually, list all expenses your family has in a month—that includes your expenses, sibling expenses, and parental expenses as well as what your whole family unit spends, like on a mortgage (up to six family members). If you have two families, choose one family to list expenses for. You may not know all expenses or what some items cost, but do your best to estimate. It might be easier to walk through each day in your mind to see what is spent (Monday: early morning latte, ala carte lunch at school, a few iTunes downloads after school, etc.)

Family Member	Expense	Cost

Family Member	Expense	Cost

Now that you have completed the grid, answer the following questions.

1. Look back at your list. Add all of the expenses up and write that total here. _____
Does the total surprise you?
How much were your expenses for the month? Write that total here. _____
2. Now, highlight the expenses that are optional, like the latte on the way to school.
Add those items up for your whole family and write that total here. _____
How much of your individual expenses were optional? Write that dollar amount here. _____
3. What percent of your family’s total expenses are optional? (To find the percentage, divide the optional expenses by the total expenses. For example, if your family’s total expenses are \$5,000 per month, and your optional expenses are \$1,350, divide \$1,350 by \$5,000.)
Write that percent here. _____
What percent of your personal expenses were optional? Write that percent here. _____
4. In looking at your expenses, what are some ways you can cut back on spending?
5. Besides limiting spending, what are some practical ways you can help your families out right now when finances are tight?

Debrief/Application (10 minutes)

As a class, use the following debrief questions:

1. Without getting into specific dollar amounts, did the total amount of money your family spends each month surprise you? Why or why not?
2. Did the amount of money you personally spend each month surprise you? Why or why not?
3. What percent of your family’s spending was discretionary or optional (question 3 above)?
Did that surprise you?
4. In looking at your expenses, what are some ways you can cut back on spending? (List on board.)
5. The article mentioned some practical ways to cut costs such as turning off unnecessary lights.
What are some other practical ways you can help your family out right now?